

ASSEMBLY BILL

No. 1366

Introduced by Assembly Member Lieber

February 22, 2005

An act to amend Section 84040 of the Education Code, relating to community colleges.

LEGISLATIVE COUNSEL'S DIGEST

AB 1366, as introduced, Lieber. Community colleges: fiscal accountability.

Existing law provides for an annual audit of each community college district, and requires the Board of Governors of the California Community Colleges to establish standards and procedures to encourage sound fiscal management practices by community college districts.

This bill would make a technical, nonsubstantive change to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 84040 of the Education Code is
- 2 amended to read:
- 3 84040. (a) It is the intent of the Legislature to encourage
- 4 sound fiscal management practices among community college
- 5 districts for the most efficient and effective use of public funds
- 6 for the education of community college students by strengthening
- 7 fiscal accountability at the district and state levels.

(b) The governing board of each community college district shall provide for an annual audit of all funds, books, and accounts of the district in accordance with regulations of the board of governors. The audit shall be made by certified public accountants licensed by the California Board of Accountancy. ~~In the event~~ If the governing board of a community college district fails to provide for an audit, the board of governors shall provide for an audit, and if the board of governors fails or is unable to make satisfactory arrangements for such an audit, the Department of Finance shall make arrangements for the audit. The cost of any audit described above shall be paid from district funds.

(c) The board of governors shall adopt criteria and standards for periodic assessment of the fiscal condition of community college districts, and these regulations regarding the review and improvement of district fiscal conditions as necessary to encourage sound fiscal management practices. In so doing:

(1) The governing board of a community college district, as required by regulations of the board of governors, shall periodically report information to the board of governors regarding the fiscal condition of the district.

(2) The board of governors, by regulation, shall develop standards for district maintenance of sound fiscal conditions. The regulations shall authorize a board comprehensive management review of any community college district which, after assessing itself or being assessed in accordance with board criteria and standards, is shown to be experiencing fiscal difficulty. On the basis of the findings of the management review, the board of governors may recommend appropriate changes in a district's management practices.

(3) The board of governors, by regulation, shall develop appropriate procedures and actions for districts that fail to achieve fiscal stability or that fail to comply with the board of governors' recommendations. The procedures and remedies may include the appointment of a special trustee to manage the district. The board of governors shall be authorized to reduce or withhold apportionment to districts to pay for the cost of the special trustee, management review, or other extraordinary costs resulting from the district's fiscal difficulties and to ensure the stabilization of the district's financial condition.

1 (4) The board of governors shall report to the chairs of the
2 educational policy and fiscal committees of both houses of the
3 Legislature, the Director of Finance, and the Governor any
4 corrective action taken by the district and any action taken
5 against the district pursuant to paragraph (3).

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